

The City Council met in special session at the hour of 1:37 p.m. in the Council Chamber, City Hall, on the day above written, for a hearing on the Fiscal Year 2003-2004 City of Fresno Budget.

Present:	Brian Calhoun	Councilmember
	Brad Castillo	Acting Council President
	Mike Dages	Councilmember
	Jerry Duncan	Councilmember
	Henry Perea	Councilmember
	Cynthia Sterling	Councilmember
	Tom Boyajian	Council President

Dan Hobbs, City Manager
Hilda Cantu Montoy, City Attorney
Becky Klisch, City Clerk
Yolanda Salazar, Assistant City Clerk

Police Lt. Farmer led the Pledge of Allegiance to the Flag.

(1:30 P.M.) HEARING ON FY 04 CITY OF FRESNO BUDGET

- 1.* RESOLUTION - ADOPTING THE FY2004 CITY OF FRESNO BUDGET, INCLUDING THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) BUDGET AND THE ANNUAL APPROPRIATION RESOLUTION (AAR)
 2. * RESOLUTION - ADOPTING THE FY 2004 POSITION AUTHORIZATION RESOLUTION (PAR)
 3. * RESOLUTION - ADOPTING THE 409TH AMENDMENT TO THE MASTER FEE SCHEDULE (MFS) RES. 80-420 (ANNUAL AMENDMENT)
 4. * BILL FOR INTRODUCTION AND ADOPTION ADOPTING THE PROPERTY TAX OVERRIDE (PTO) ORDINANCE
 5. SELECTION OF METHODOLOGY FOR DETERMINATION OF FY 2004 GANN APPROPRIATION LIMIT
 6. * RESOLUTION - ESTABLISHING RULES FOR THE APPLICATION OF CITY EMPLOYEE COMPENSATION RATES AND SCHEDULES AND RELATED REQUIREMENTS, AND ESTABLISHING COMPENSATION RATES AND SCHEDULES (FY 04 SALARY RESOLUTION)
- a. MASTER FEE SCHEDULE
 - b. POLICE
 - c. FIRE
 - d. CITY CLERK
 - e. CONVENTION ENTER
 - f. CITY ATTORNEY
 - g. GENERAL SERVICES

President Boyajian announced the time had arrived to consider the issue and opened the hearing.

Councilmember Perea, Council Budget Committee spokesman, gave opening remarks on the budget process; stated it was very key that everyone's authority as defined by the Charter be respected; reviewed the anticipated budget dates and departments to be heard; and noted some changes were going to be requested and relative to the Master Fee Schedule (MFS) made a motion that Council hear and deliberate only the fees of the specific departments being heard that day, and not all at one time, which motion was seconded and acted upon after discussion.

Councilmember Calhoun spoke in opposition stating the MFS had been before Council for some time, he was prepared to address all the issues in it, and it needed to be put behind Council as it set a baseline adding to deal with each department's fees separately would throw Council off. Councilmember Duncan concurred stating the MFS needed to stand on its own, stated if Council started dissecting and "nickel and diming" Council would not have a sense of where they were at the end of the process; and noted the fees were basic and cost-driven,

the document was very clear and commended staff, and urged Council to address the issue and put it behind them. Councilmember Perea stated he did not see this as setting Council back but more of an opportunity to debate the fees, reiterated the idea was to hear the fees associated with the department on the same day, and clarified when Council decides yes or no on the fees outright Council will know how much to make up if some fees are “shot down”. President Boyajian stated he felt the entire MFS could be voted on without going through each department and that was why it was placed up front in the order.

On motion of Councilmember Perea, seconded by Councilmember Sterling, duly carried, RESOLVED, Council to consider and deliberate only on the fees of the departments being heard, by the following vote:

Ayes	:	Castillo, Dages, Perea, Sterling
Noes	:	Calhoun, Duncan, Boyajian
Absent	:	None

City Manager Hobbs advised (1) the transportation director would be out of town on June 10th and requested the transportation department be switched from June 10th to June 3rd, and the convention center department be moved from June 3rd to June 10th; and (2) advised department heads would in training all day on June 12th and requested June 19th be substituted for that day. A motion and second was made to approve the requested changes (which was subsequently amended).

Discussion ensued. Councilmember Dages stated he was opposed to moving the convention center adding it was too controversial to put off. Acting President Castillo expressed concern and questioned why department head training was scheduled during budget time, with Mr. Hobbs responding. Councilmember Perea stated he, too, wanted to hear the convention center on June 3rd but if that failed he wanted it heard on June 17th instead of the 10th, and stated he still wanted to meet on June 12th. Councilmember Calhoun stated the city manager was asking for small adjustments which would allow staff to complete their due-diligence and the convention center was only being moved back one week, and spoke in support of deleting June 12th stating Council never told staff there would be a budget meeting that day. Mr. Hobbs stated deleting June 12th was a matter of courtesy and he was not consulted about scheduling that day, and added the previously scheduled training was important training. City Attorney Montoy recommended Council keep June 19th open and move all the June 12th items to June 17th clarifying if all matters are heard by that time there would be no need to meet on Thursday the 19th, which recommendation was accepted by the motion-maker.

On motion of Councilmember Duncan, seconded by Councilmember Sterling, duly carried, RESOLVED, the Transportation Department moved from June 10th to June 3rd, the Convention Center Department moved from June 3rd to June 10th; and June 12th deleted from the schedule and all departments scheduled that day moved to June 17th, by the following vote:

Ayes	:	Calhoun, Duncan, Sterling, Boyajian
Noes	:	Castillo, Dages, Perea
Absent	:	None

Councilmember Perea advised the rules of procedures for the hearings as recommended by the Council Budget Committee were: (1) Motion to be made after each department presentation; (2) each motion must have a second for consideration; (3) a list of all motions with a second will be prepared and voted upon individually at the beginning of the next scheduled budget meeting; and (4) new motions from previous hearings can be made and added to the list if there is a second before a vote is taken on the motions. (**Note - Procedure #3 was subsequently amended and the procedures were motioned and acted upon later in the meeting.*)

Controller Quinto clarified the budget hearing was one hearing with a series of meetings continued from one meeting to the next; advised the budget division would maintain a rolling list of motions and distribute the list as soon as possible after each meeting; and relative to acting on motions recommended her staff be allowed enough time to analyze the fiscal impact of each motion and get that information back to Council before any vote is taken; and referenced material submitted to Council spoke to the “Request for Information List”. Relative to Procedure #3 Mr. Hobbs encouraged Council to keep the running list and take them under consideration as a whole at the end of the process as has been past practice and explained reasons therefore.

Councilmember Calhoun requested clarity on the above six resolutions and ordinance bill and questioned how they would be dealt with, stated his interest was specifically with resolution #1 which dealt with housing money, CDBG, HOME funds, etc., and stated he wanted that document sent to the housing task force to review, make recommendations and return to Council, with Ms. Montoy clarifying what the documents were and responding to questions.

On motion of Councilmember Calhoun, seconded by President Boyajian, duly carried, RESOLVED, Resolution No. 1 containing the proposed CDBG, ESG and HOME projects for FY 2004 referred to the Housing Task Force for review and report back to Council, by the following vote:

Ayes : Calhoun, Castillo, Dages, Duncan, Perea, Sterling, Boyajian
Noes : None
Absent : None

Councilmember Calhoun stated at some point prior to the police budget he wanted to address the whole master fee schedule approach and process and not specifically any fees within it.

Ms. Quinto noted the draft budget hearing schedule did not include the CDBG Annual Action Plan budget and requested it be added to the June 10th schedule.

Brief discussion ensued on the budget procedures and upon question Ms. Quinto clarified staff was recommending no action be taken on motions on the day motion are made and also clarified why the city manager was recommending all motions be acted upon *at the end* of the hearing process/department presentations. Councilmember Perea made a motion to approve the rules of procedure with the recommendations as by staff, whereupon Ms. Montoy recommended Council await actual votes until the public hearing is closed and deliberations begin and explained. Councilmember Calhoun spoke to his understanding of the process and made a motion to delay final votes on motions to the end of the process to allow staff to analyze fiscal implications, along with the Council Budget Committee recommended procedures as verbalized by Councilmember Perea earlier, as amended.

On motion of Councilmember Calhoun, seconded by Councilmember Perea, duly carried, RESOLVED, (1) Motions to be made after each department presentation; (2) each motion much have a second for consideration; (3) a list of all motions with a second will be prepared and voted upon *at the end of budget deliberations to allow staff to analyze any fiscal impacts*, and (4) new motions from previous meetings can be made and added to the list if there is a second before a vote is taken on the motions, by the following vote:

Ayes : Calhoun, Castillo, Dages, Duncan, Perea, Sterling, Boyajian
Noes : None
Absent : None

Mr., Hobbs stated this budget represented continued progress for the City despite economic challenges and explained; gave an overview of the proposed budget and highlighted key issues (**2 - 0**); and stated a contingency plan was in place in case the City is hit harder than anticipated by the State; this was a budget that presented a sound fiscal plan, complimented staff, and stated from his experience this budget was one of the best.

Councilmember Duncan spoke in support of the budget and proposed fees, commended the Mayor and staff, spoke to the fiscal crisis facing the State and the City, and stated these were serious times, the City needed to look at ways to save money and do things more efficiently, and encouraged Council to be serious about any recommended changes stressing this was a most critical and important budget.

Councilmember Perea concurred this was a very serious budget with the economic uncertainty looming over the state; noted the budget committee agreed with the cornerstones the budget was built on but differed on priorities and how to approach them; and stated the four challenges Council has seen in this budget were: (1) future deficits in the public utilities department not being addressed; (2) need to see a long-term funding strategy for public safety; (3) millions of dollars for fire station improvements and renovation of Fire Station 15 built on a loan from the retirement board yet a decision has not been made on whether that loan would be made; and (4) increasing demand for neighborhood infrastructure repairs and money not being dedicated to it, and stated he look forward to addressing these critical issues.

President Boyajian spoke to the user fee issue and how it came about, thanked the controller and the administration for their cooperation and for being pro-active, and clarified the fees were not about harassing people or businesses. Councilmember Calhoun commended President Boyajian for his leadership in the area; stated he was impressed with the Maximus study and with staff on their clear presentation, and stated this all came down to a matter of fairness and elaborated.

Budget Manager Smith gave an overview of the master fee schedule and the methodology that was used, and Ms. Quinto clarified the "pawn shop" fee previously voted down by Council was not included.

Chief Dyer gave a Power Point presentation on his departments' FY 03 accomplishments and FY 04 highlights, and responded to questions of President Boyajian relative to the department's proposed user fees and where the generated revenues would go.

Barbara Hunt, 2475 S. Walnut, spoke in support of the department's budget **(3 - 0)**.

Councilmember Duncan commended Chief Dyer on his stance in traffic enforcement and presented questions and/or commented on issues relative to reduction in traffic fatalities, his experience at a DUI checkpoint, and the success of checkpoints (number of arrests/cars towed) and if there was any analysis to show positive revenue so more checkpoints could be conducted, with Chief Dyer responding. Councilmember Duncan made a motion to approve the police departments' fees, which motion was seconded by President Boyajian. Brief discussion ensued on the need for a motion. Councilmember Calhoun commended the department for their increased traffic enforcement and response to officer involved shootings.

Lengthy discussion ensued with Chief Dyer, City Manager Hobbs and Controller Quinto responding to questions/comments of Councilmember Perea relative to proposed new officers and breakdown by year/timeline to have them on board, if a funding strategy was in place to hire additional officers beyond the 60 that does not consist of general fund dollars, concern that at the next few fiscal years the entire general fund will be consumed by public safety, and support for the 30 officers in FY 04 and requested, and questioned if a motion would be proper, to have a funding plan in place, aside from general fund revenues, before requesting additional officers beyond FY 04, with Ms. Montoy responding. Councilmember Calhoun stated police funding was a legitimate issue, the funding issue was being looked at, and concurred with the city attorney that that was a future policy issue. Councilmember Perea continued commenting and presenting questions relative to timeline for the Public Safety Master Plan, need for a long-term plan, contingency dollars held over including where they came from and where they went, amount in the department's contingency, anticipated shortfall, desire to see some, if not all, of the \$1.3 million in contingency go back into the police department to fill the 37 vacancies, what happens to any left over contingency funds, how additional funds could be appropriated to fill vacancies once all numbers are known, and the \$10 million retirement board loan for both police and fire including the understanding the City is far from getting an approval and it already being worked into the budget as though it had been approved, with Chief Dyer, Mr. Hobbs, Ms. Quinto and Ms. Smith responding to questions and clarifying issues throughout.

Acting President Castillo presented questions, comments and comments relative to cost recovery for services to Fresno State, need to see a cost recovery system before the budget is approved, Fresno State looking to open a hotel with the Save Mart Arena and directly competing with downtown, time for the City to look at what services can be recovered with fees, traffic flow and enforcement in the area during peak hours, looking into implementing a parking authority for the area south of the Save Mart Arena due to anticipated overflow of vehicle parking in neighborhoods, need to start with dialog with Fresno State as they were now in the entertainment business and competing with downtown, and the \$50 disturbance response fee being inadequate and need to look at the issue more aggressively (with Mr. Castillo stating he would not support that fee), with Chief Dyer and Controller Quinto responding to questions and clarifying issues.

MOTION - Acting President Castillo/Boyajian/(Sterling) - Direct staff to look into implementing the disturbance response fee similar to the fire inspection fee (waive fee on first response, capture first response on second response).

Acting President Castillo continued presenting questions relative to why the department was absorbing costs for blood draws, sexual assault kits and jail booking fees and not passing them onto the defender, if grants were available to pay those costs, booking fees **(4 - 0)**, joint MAGEC operations, existing CUP fee and concern with proposed \$210 for review of CUPs, how to insure part of the \$210 fee goes to closing down liquor store violators, and request for staff to report back on what the \$5,000 CUP fee covers.

President Boyajian spoke to the recovery of traffic fine revenues and commended Chief Fifield for all his work, and presented questions/concerns relative to why police substations were being moved out of inner-city areas, if the graffiti and prostitution programs still existed, the DARE and PAL programs, if the new officers would lower over-time costs, events becoming cost-prohibitive to have police service and if the City is subsidizing Fresno State and preventing districts from having events, mandating people to pay for services and if a city ordinance was needed, and workers compensation and if a certain formula was used, with Chief Dyer, Ms. Quinto and Mr. Hobbs responding throughout.

Upon question of Mr. Hobbs, Acting President Castillo confirmed he made a motion giving direction to staff on Fresno State cost recovery with a second. Brief discussion ensued on the issue and ongoing discussions with Fresno State whereupon Councilmember Duncan

cautioned Council stating Fresno State was not the only school being serviced by the police and stressed there were other schools and events with policing city-wide. Acting President Castillo clarified his concern was the City was not just dealing with an educational facility anymore, emphasized Fresno State/Save Mart Arena was opening a hotel and taking events from the convention center, pointed out when the hotel issue comes up the City would have an opportunity to conduct an environmental analysis and added that would be a good time to indicate concerns relative to impacts to neighborhoods and the police department, and stated clear direction was needed for staff to go to Fresno State and discuss the City's concerns for some, if not all, cost recovery. Ms. Montoy clarified this was one council member's comments and not Council direction at this time, advised the issue could be placed on a future agenda, and cautioned Council about pre-judging the CUP. Upon the city attorney's recommendation Acting President Castillo stated he would work with her office on how to bring the matter back and directed the city clerk to place the item on the agenda after the budget is completed. Upon question of Acting President Castillo Ms. Montoy and Ms. Quinto clarified staff would report back with information on cost recovery for services and the CUP review fee and disturbance fee.

FIRE DEPARTMENT

Interim Chief Aranaz and Controller Quintero reviewed the proposed new fees and the estimated revenue that would be generated, and Chief Aranaz gave a Power Point presentation on his departments' FY 03 accomplishments and FY 04 highlights.

Barbara Hunt 2475 S. Walnut, spoke in support of the department.

City Manager Hobbs and Chief Aranaz responded to questions of Councilmember Calhoun relative to how MBOs (management by objective) were monitored/evaluated (**5 - 0**), the CAD system and problem with the vendor and if this could run the City down to a class 5 level, if Council had been made aware of the problem before and if there were any budget implications, American Ambulance negotiations and if there were any budget implications, and budgeting for retirements.

Councilmember Duncan stated the fire department had been de-funded—not underfunded and explained; spoke to the serious conditions of the city's fire stations and invited everyone to look at his district's website; spoke to the ISO ratings, unfunded needs, and the “unbelievable” condition of fire stations' furniture and questioned if furniture would be an additional unfunded need, and spoke to need for more turn-outs and the Human Relations Commission's proposed budget and his proposed motion.

MOTION - Duncan/Calhoun - Move \$130,000 from the Human Relations Commission budget and allocate those funds to the fire department for additional turn-outs.

Councilmember Duncan stated his motion would start the process of taking care of our fire fighters and also enhance the spirit of true volunteerism within the City of Fresno, and spoke to the area of dispatch and separating fire and police and stated he hoped dialog on separating the two would continue, with Chief Aranaz responding.

Chief Aranaz, Mr. Hobbs, Ms. Quinto and City Attorney Montoy responded to questions of Councilmember Perea relative to the department's Master Plan, MBOs, fire response time and if Fire Station 15 would help, ISO ratings and what was needed to improve the ratings, number of firefighters needed per apparatus, number of firefighters that need to be hired to meet NFPA standards, what will happen to the fee increases if the retirement board loan does not materialize, and if the fee increases/additional revenue could be used to hire new firefighters/used for personnel and how that could be done.

Citing the need to adjourn at this time, President Boyajian continued the budget hearing to Tuesday, June 3, 2003, at 1:30 p.m. to resume with the Fire Department.

There being no further business to bring before the City Council, the hour of 5:20 p.m. having arrived and hearing no objections, President Boyajian declared the meeting adjourned.

APPROVED on the 3rd day of June, 2003.

_____/s/_____
Tom Boyajian, Council President

_____/s/_____
ATTEST: Yolanda Salazar, Assistant City Clerk